

003



6825 South 5300 West
P.O. Box 851
Price, UT 84501
phone 435.613.9777
fax 435.613.9782

January 20, 2003

Ms Diana Mason
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
SLC, Utah 84114-5801

RE: Application for Permit to Drill-
Utah 28-588, SE/4 NE/4 Sec. 28
T16S, R08E, SLB & M, Emery County, Utah

Dear Ms. Mason:

Enclosed is the original of the *Application for Permit to Drill* (APD). Included with the APD is the following information:

- Exhibit "A" - Survey Plat of the Proposed Well Site;
- Exhibit "B" - Proposed Location Map with Pipeline, Power, and Road Access;
- Exhibit "C" - Drilling Site Layout;
- Exhibit "D" - Drilling Information
- Exhibit "E" - Multipoint Surface Use Plan
- Exhibit "F" - Typical Road Cross-section;
- Exhibit "G" - BOP Diagram;
- Exhibit "H" - Typical Wellhead Manifold;
- Exhibit "I" - Evidence of Bond;

This proposed well is located more than 460' from the boundary of the Unit Area and from the boundary of any uncommitted tract within the Unit Area and will not require the administrative approval in accordance with Utah Administrative Code Rule R649-3-3.

Please accept this letter as ConocoPhillips' written request for confidential treatment of all information contained in and pertaining to this permit application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jean Semborski".

Jean Semborski
Permitting Supervisor

cc: Mr. Eric Jones, BLM, Moab, Utah
Mr. Gene Herrington, Texaco
Ms. Nancy Morrow, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jeanette Borges, ConocoPhillips
Mrs. Deanna Walker, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
ConocoPhillips Well File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(HIGHLIGHT CHANGES)

APPLICATION FOR PERMIT TO DRILL

1A. Type of Work: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO. ML-48389	6. SURFACE State
B. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER: SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
2. NAME OF OPERATOR: ConocoPhillips Company		8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X	
3. ADDRESS OF OPERATOR: 6825 South 5300 West, P.O. Box 851, Price, Utah 84501 CITY STATE ZIP		PHONE NUMBER: (435) 613-9777	9. WELL NAME and NUMBER: Utah 28-588
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2344' FNL, 1191' FEL AT PROPOSED PRODUCING ZONE:		10. FIELD AND POOL, OR WILDCAT: Drunkards Wash	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SE/4 NE/4 Section 28, T16S, R08E, SLB&M		12. COUNTY: Emery	
13. STATE: UTAH		14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 5.5 miles northwest of Huntington, UT	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1191'	16. NUMBER OF ACRES IN LEASE: 880 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1200'	19. PROPOSED DEPTH: 4520'	20. BOND DESCRIPTION: Rotary	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.) 6933.5' GR	22. APPROXIMATE DATE WORK WILL START: May 2003	23. ESTIMATED DURATION:	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
14"	12 3/4" Conductor	40'	
11"	J-55 8 5/8" 24#/ft	452'	200 sks G+2&CaCl+1/4#/sk floccel
7 7/8"	N-80 5 1/2" 17#/ft	4510'	250 sks 50/50poz8%gel+2%CaCl+1%extender
			90 sks "G" thixotropic

25. ATTACHMENTS

RECEIVED

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION RULES:

FEB 04 2003

- ☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- ☒ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- ☒ COMPLETE DRILLING PLAN, GAS & MINING
- ☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

Name & Signature: Jean Semborski

Title: Permitting Supervisor

Date: 1/20/03

(This space for state use only)

API Number Assigned: 43-015-30594

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 03-03-03

By:

CONFIDENTIAL

Range 8 East

(S89°51'W - 2574.00')

(N89°47'W - 2637.36')

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

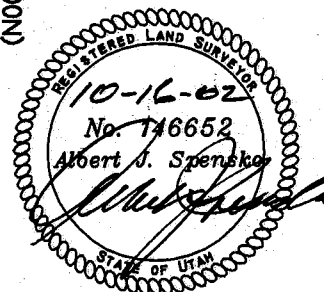
BASIS OF ELEVATION OF 6824' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 27, TOWNSHIP 16 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE HIAWATHA QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE SE1/4 NE1/4 OF SECTION 28, T16S, R8E, S.L.B.&M., BEING 2344.15' SOUTH AND 1191.42' WEST FROM THE NORTHEAST SECTION CORNER OF SECTION 28, T16S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

375 S. Carbon Ave., Ste 101, (A-10)

Price - Huntington, Utah

Phone (435)637-8781 Fax (435)636-8603

E-Mail talon@castlenet.com



PHILLIPS PETROLEUM

WELL #28-588

Section 28, T16S, R8E, S.L.B.&M.

Carbon County, Utah

Drawn By:
T. DAVIS

Checked By:
L.W.J./A.J.S.

Drawing No.

A-1

Date:

10/15/02

Scale:

1" = 1000'

Job No.

798

Sheet 1 of 4

LEGEND

- DRILL HOLE LOCATION
- ⊙ METAL CAP (FOUND)
- BRASS CAP (SEARCHED FOR, BUT NOT FOUND)
- △ ROCK PILE
- () GLO

GPS MEASURED

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°24'13"N
111°01'28"W

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.

Township 16 South

(N00°05'E - 5249.64')

28

2344.15'

WELL #28-588
ELEVATION 6933.5'

UTM
N 4361365
E 497901

1191.42'

(N00°06'15"E - 5247.27')
(N00°02'W - 5237.76')

(S89°55'W - 2585.88')

(S89°54'W - 2635.38')

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips
Utah 28-588
SE/4, NE/4, Sec.28, T16S, R08E, SLB & M
2344' FNL, 1191' FEL
Emery County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 4040'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 4070' - 4220'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1400 psi.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW, USED</u>
14"	40'	12-3/4"	Conductor	New
11"	452'	8-5/8"	24#ST&C	New
7-7/8"	4510'	5-1/2	17#LT&C	New

Cement Program -

Surface Casing: 200 sks G+2%CaCl+1/4#per sack flocel;15.8#/gal,density, 1.15 cu.ft/sk yield. Every attempt will be made to bring cement back to surface.

Production Casing: 250 sks 50/50 poz 8%gel +2%CaCl+10%extender;12.5#/gal, density, 1.92 cu.ft/sk yield.

90 sks "G" thixotropic, 14.2#/gal density, 1.61 cu.ft/sk yield

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOPE will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-300	11" hole	Drill with air, will mud-up if necessary.
300-TD	7 7/8" hole	Drill with air. 400 psi @ 1500-1800 Scf.

7. The Testing, Logging and Coring Programs are as followed

300-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1957 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around May 2003.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
MULTIPOINT SURFACE USE PLAN

Attached to Form 3
ConocoPhillips
Utah 28-588
SE/4, NE/4, Sec.28, T16S, R08E, SLB & M
2344' FNL, 1191' FEL
Emery County, Utah

1. Existing Roads

- a. We do not plan to change, alter or improve upon any existing state or county roads.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 0' of new access is required (See Exhibit "B")

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 1%
- c. Turnouts: None
- d. Drainage design: 1 culvert may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and Power lines will follow the proposed access road.

3. Location of Existing Wells

- a. See Exhibit "B". There are 7 proposed and 2 existing wells within a one-mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H". Buried powerlines run along access on the east and north, gathering lines on the south or west.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be purchased from the Price River Water Improvement District (a local source of municipal water) (tel. 435-637-6350).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. As the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit back-filled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of one trailer to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of mud tanks, reserve and berm pits, and soil stockpiles will be located as shown on the attachments.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the pit. The pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 15,000 feet southwest.
- b. Nearest live water is Unnamed spring located at 1300' northwest.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. Company Representative

Jean Semborski
Permitting Supervisor
ConocoPhillips
6825 S. 5300 W. P.O. Box 851
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:

Company Representative


Excavation Contractor

Nelco Contractors Inc.
Larry Jensen
(435) 637-3495
(435) 636-5268

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by ConocoPhillips and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

1/29/03
Date



Jean Semborski
Permitting Supervisor
ConocoPhillips

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

Bond No. 6196922

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) CONOCOPHILLIPS COMPANY as Principal,
and

(surety name) SAFECO INSURANCE COMPANY OF AMERICA as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

EIGHTY THOUSAND AND NO/100***** dollars (\$ 80,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

☒ Blanket Bond: To cover all wells drilled in the State of Utah

☐ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

30th day of Dec, 20 02

(Corporate or Notary Seal here)

CONOCOPHILLIPS COMPANY

Principal (company name)

By James F. Hughes Corporate Insurance
Name (print) Title Manager

Attestee:

Date:

James F. Hughes
Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

1ST day of JANUARY, 20 03

SAFECO INSURANCE COMPANY OF AMERICA

Surety Company (Attach Power of Attorney)

(Corporate or Notary Seal here)

By

TINA MARIE FOSTER

ATTORNEY-IN-FACT

Name (print)

Title

Tina Marie Foster

Signature

C/O MARSH USA INC.

Surety Mailing Address

P.O. BOX 36012, KNOXVILLE, TN 37930-6012
City State Zip

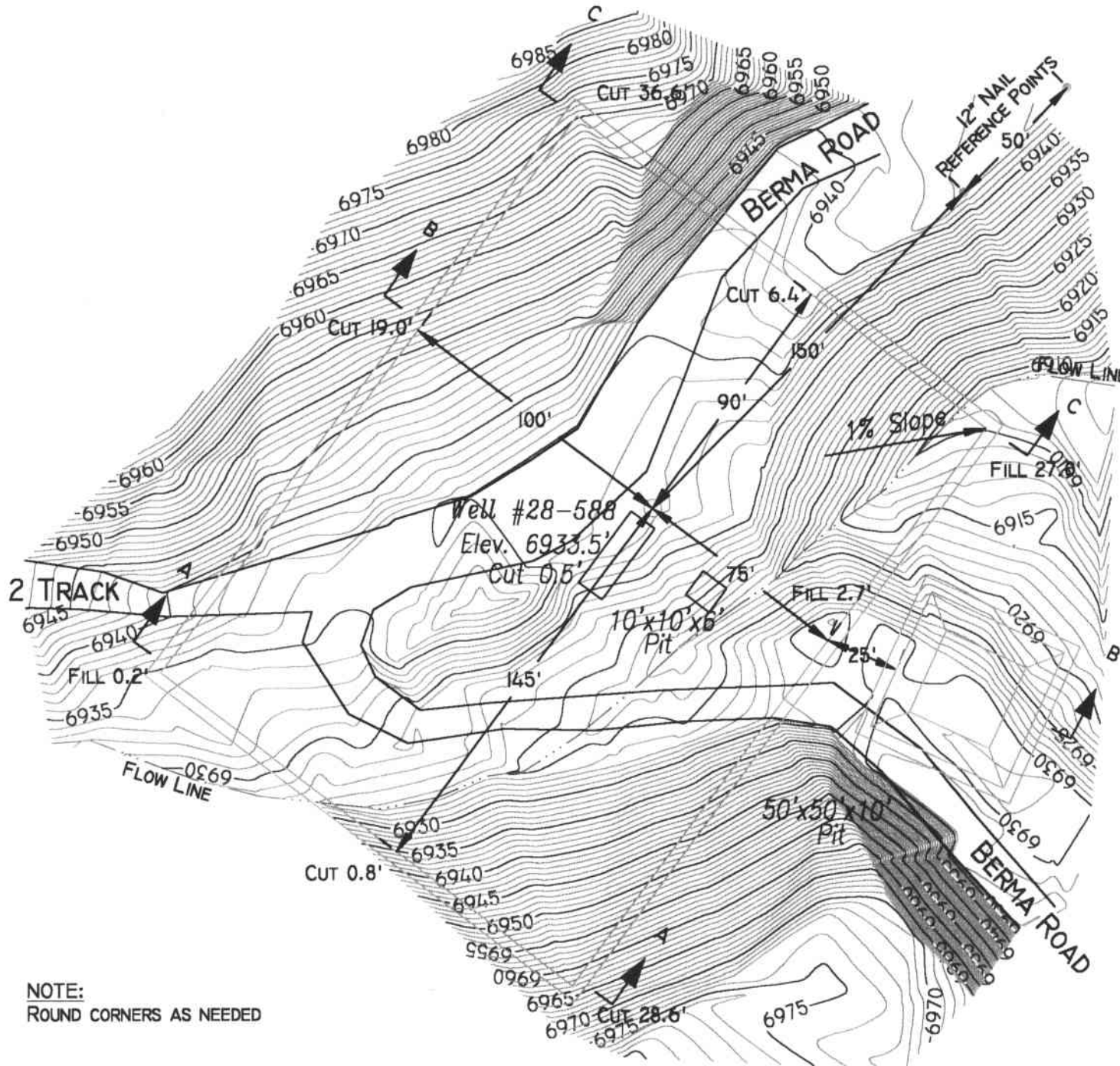
Attestee:

Date: 12/20/2002

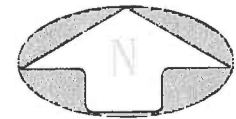
CAROLYN E. WHEELER
NOTARY PUBLIC

MY COMMISSION EXPIRES: NOVEMBER 1, 2006
(5/2002)

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6933.5'
 ELAVATION OF GRADED GROUND AT LOCATION STAKE = 6933.0'



NOTE:
 ROUND CORNERS AS NEEDED

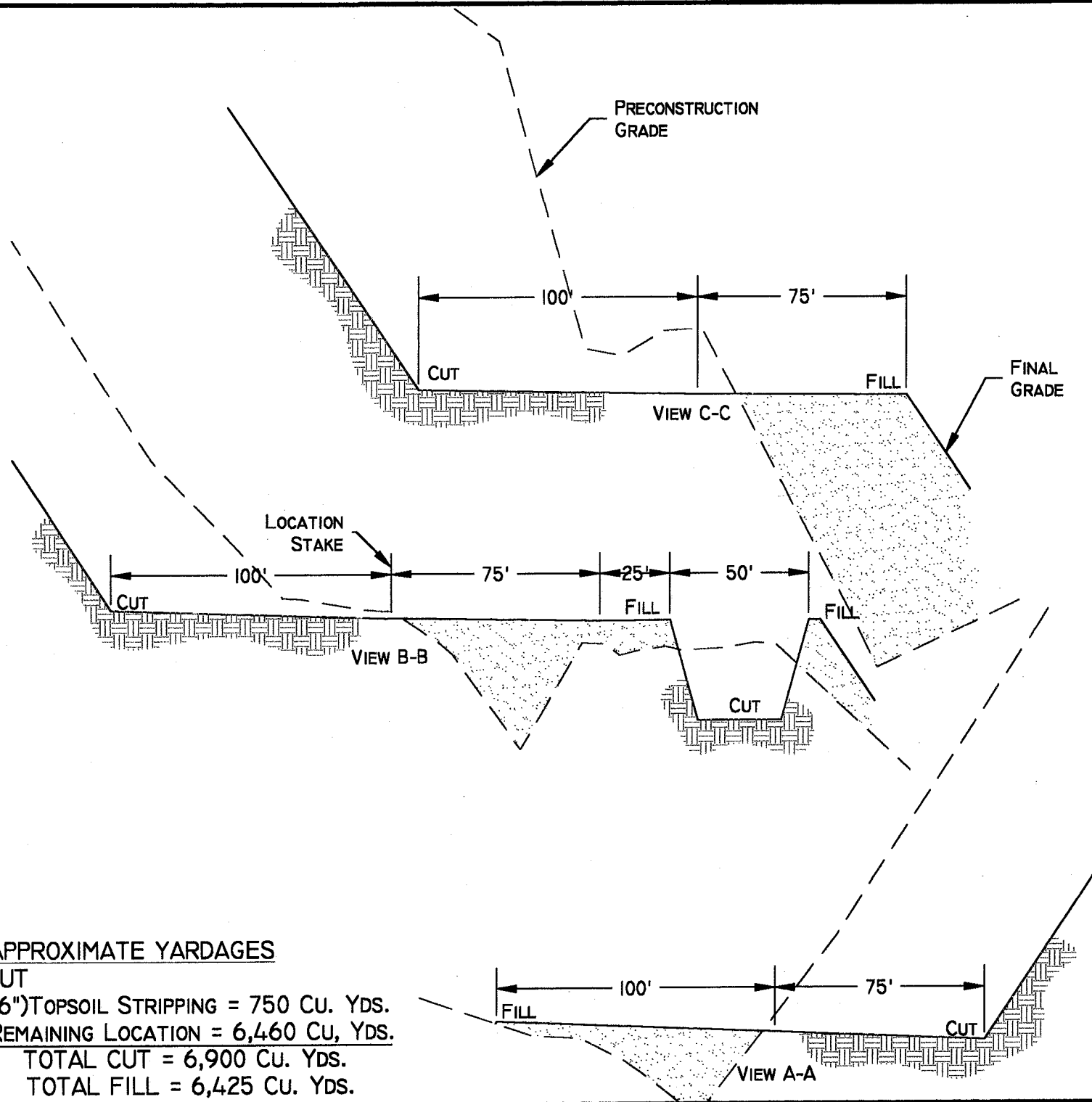


TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435) 637-8781 Fax (435) 687-5311
 E-Mail talon@etv.net

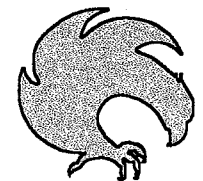
PHILLIPS PETROLEUM CO.
 LOCATION LAYOUT
 Section 28, T16S, R8E, S.L.B.&M.
 WELL #28-588

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 10/15/02
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 798



1"=10'
X-Section
Scale
1"=40'

SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 ; 1



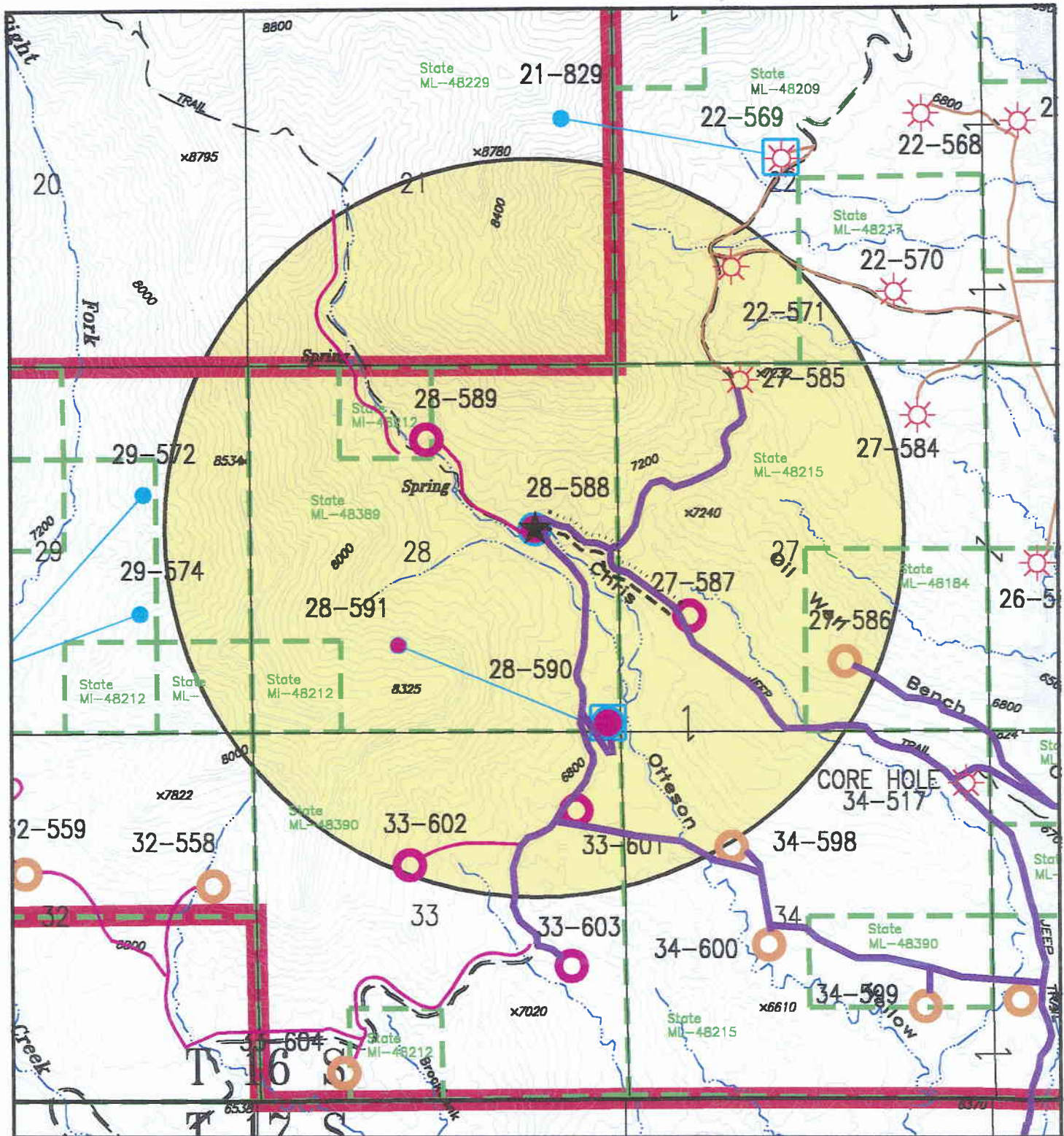
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435) 637-8781 Fax (435) 687-5311
E-Mail talonectv.net

PHILLIPS PETROLEUM CO.
TYPICAL CROSS SECTION
Section 28, T16S, R8E, S.L.B.&M.
WELL #28-588

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 10/15/02
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 798

APPROXIMATE YARDAGES
CUT
(6") TOPSOIL STRIPPING = 750 CU. YDS.
REMAINING LOCATION = 6,460 CU. YDS.
TOTAL CUT = 6,900 CU. YDS.
TOTAL FILL = 6,425 CU. YDS.



LEGEND

Proposed Well Location:
 Other Proposed Well Locations:
 Proposed Powerline:
 Proposed Pipeline:
 Proposed Roads:
 Lease Boundary:
 Existing Wells:



Scale: 1" = 2000'

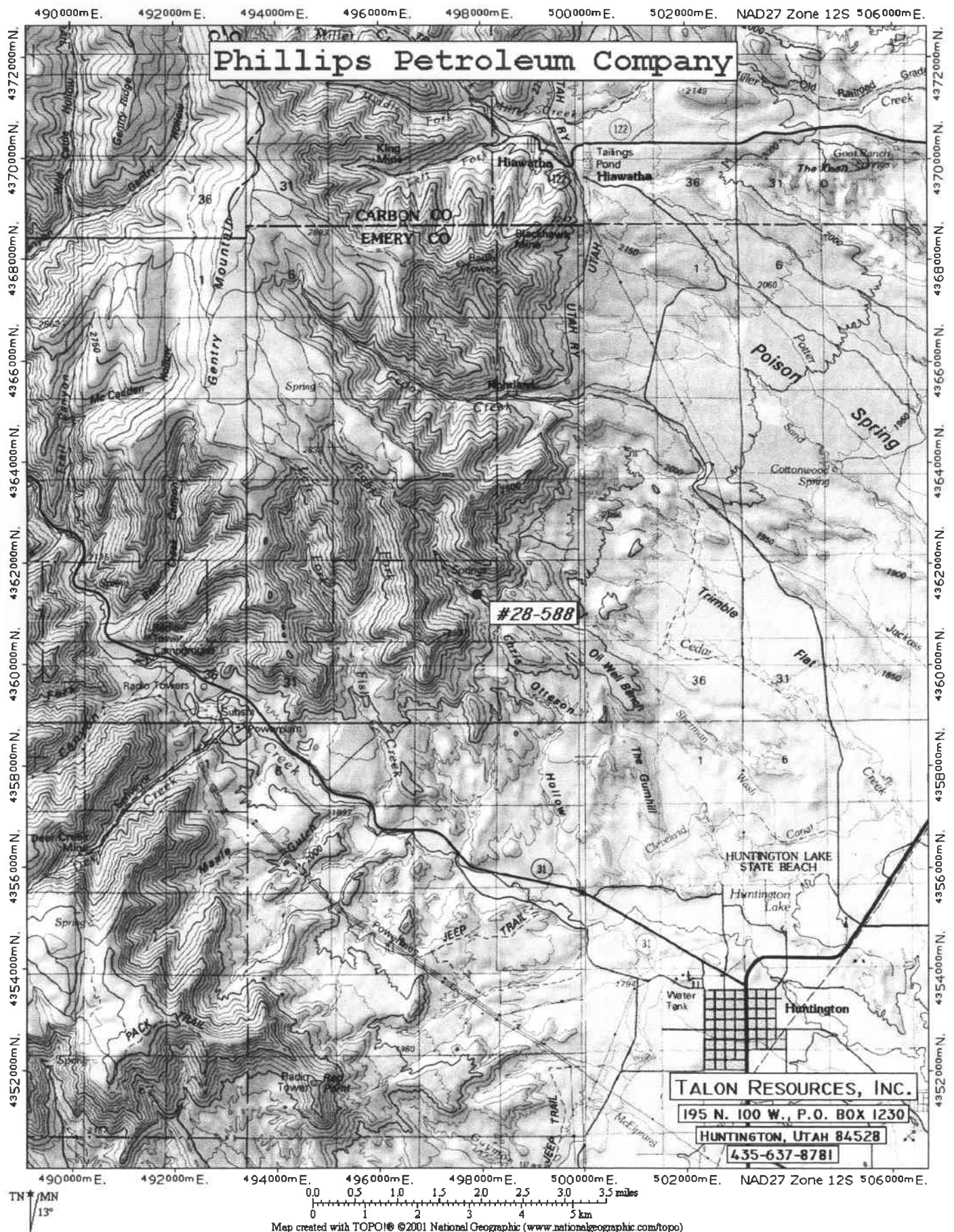
November 5, 2002

PHILLIPS PETROLEUM COMPANY

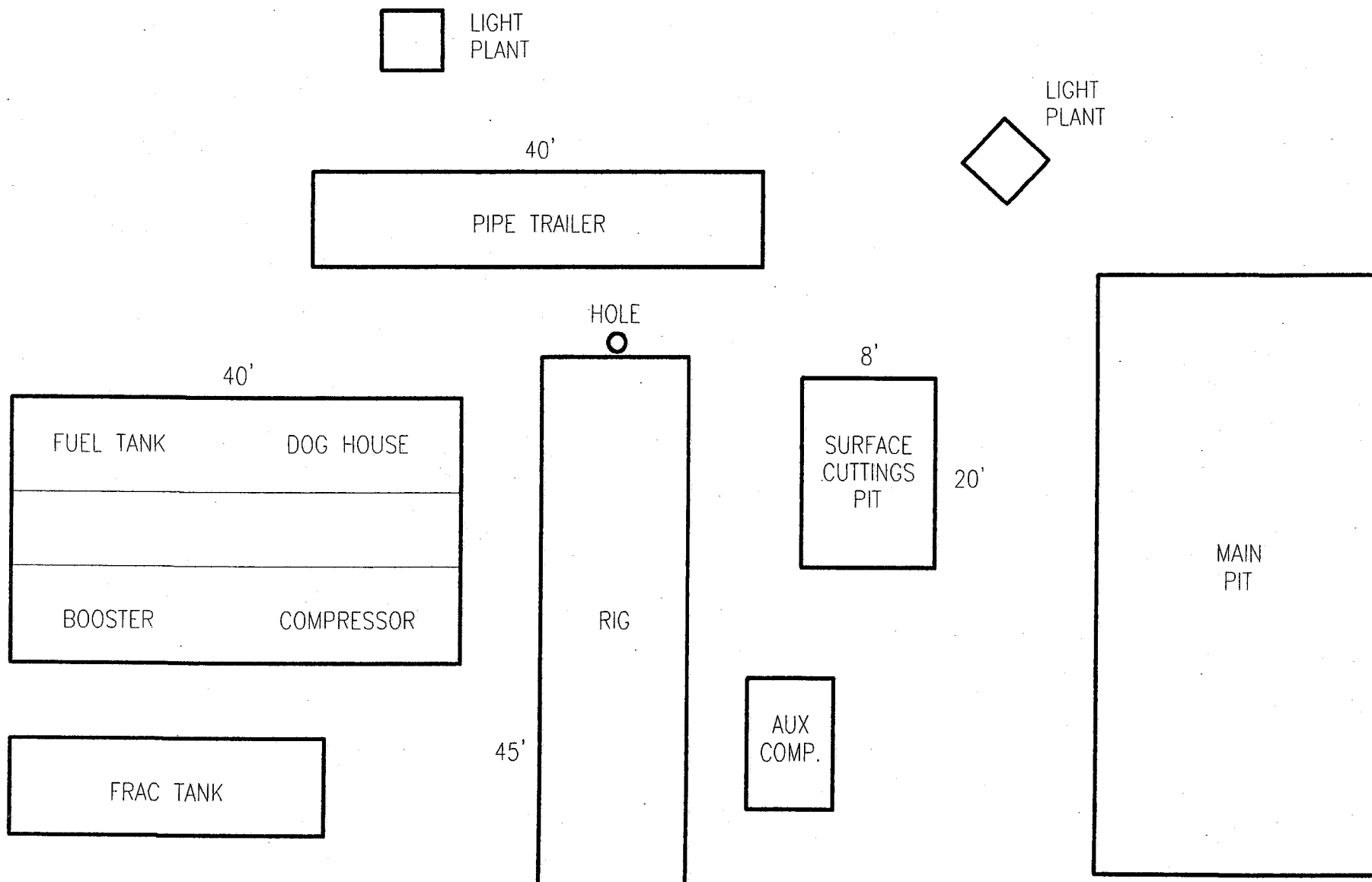
6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782



WELL # 28-588
Section 28, T16S, R8E, S.L.B.&M.
Exhibit B 1 of 2

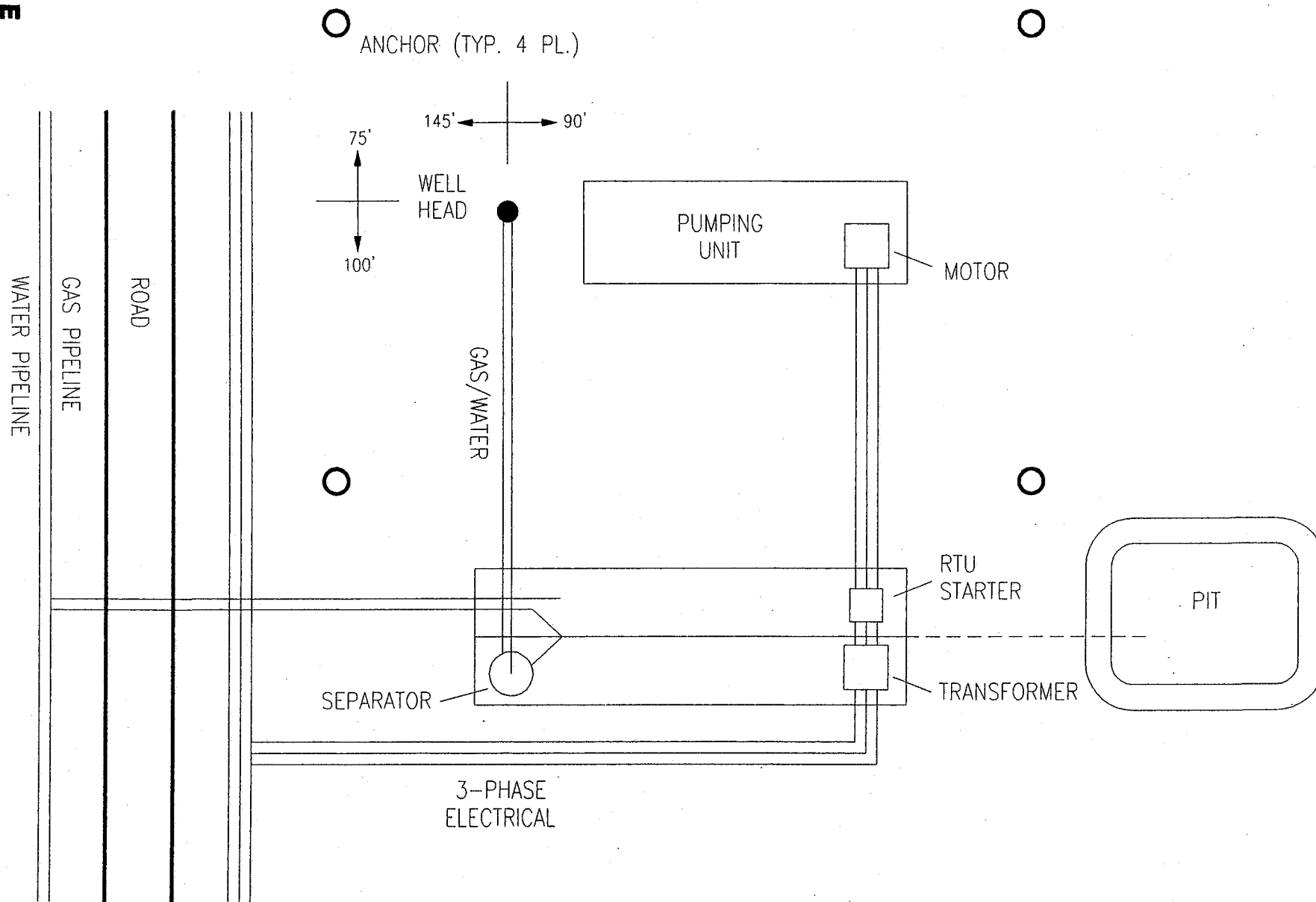


APPROXIMATE LAYOUT OF RIG & EQUIPMENT

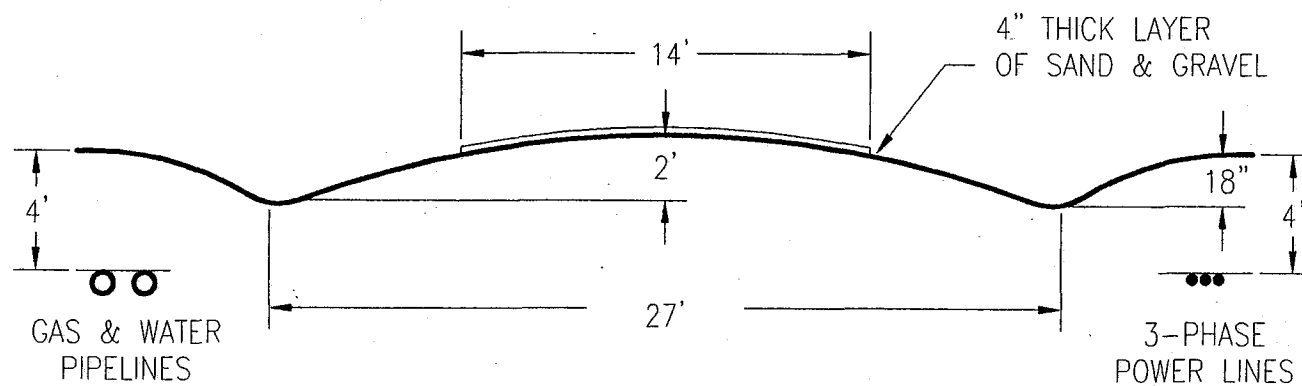


PHILLIPS PETROLEUM COMPANY

WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION



DIVERTER HEAD

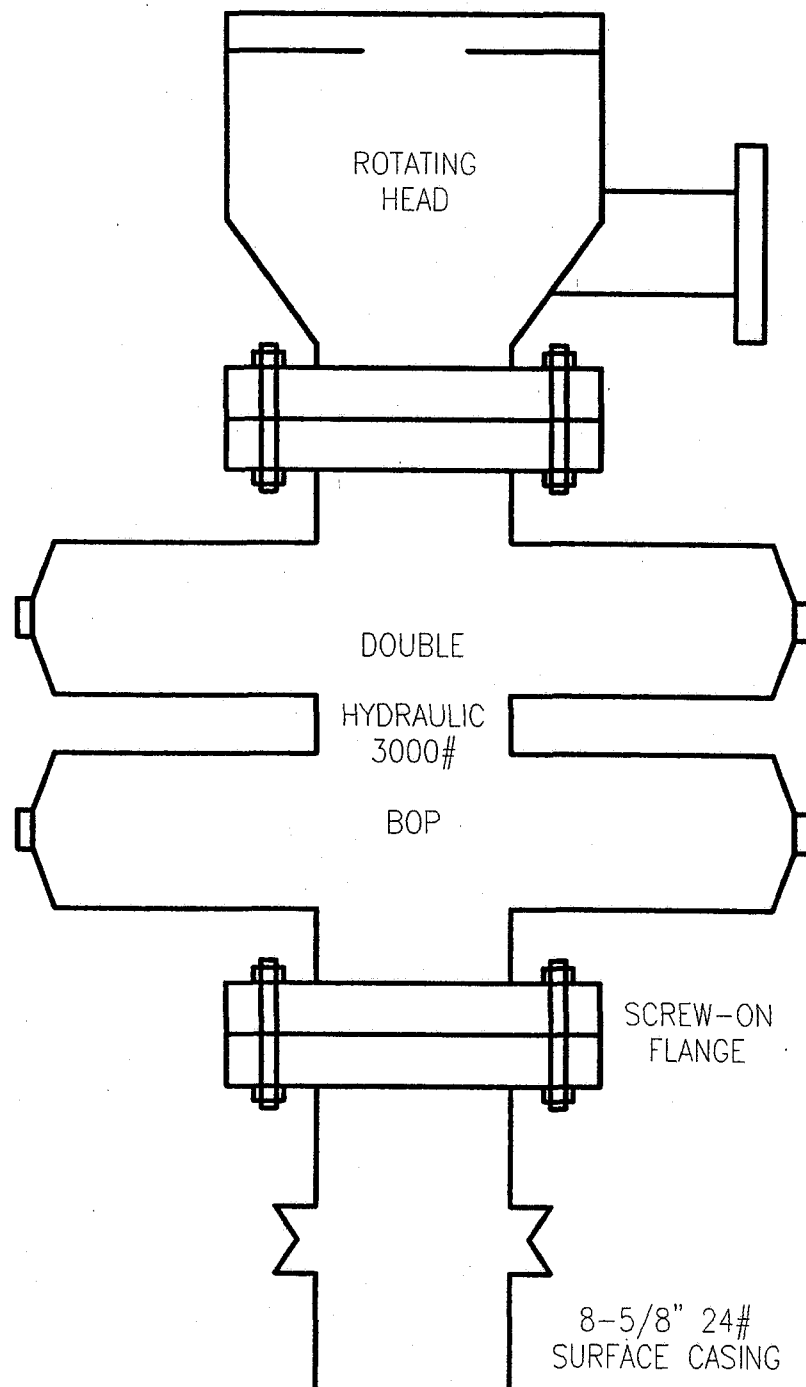
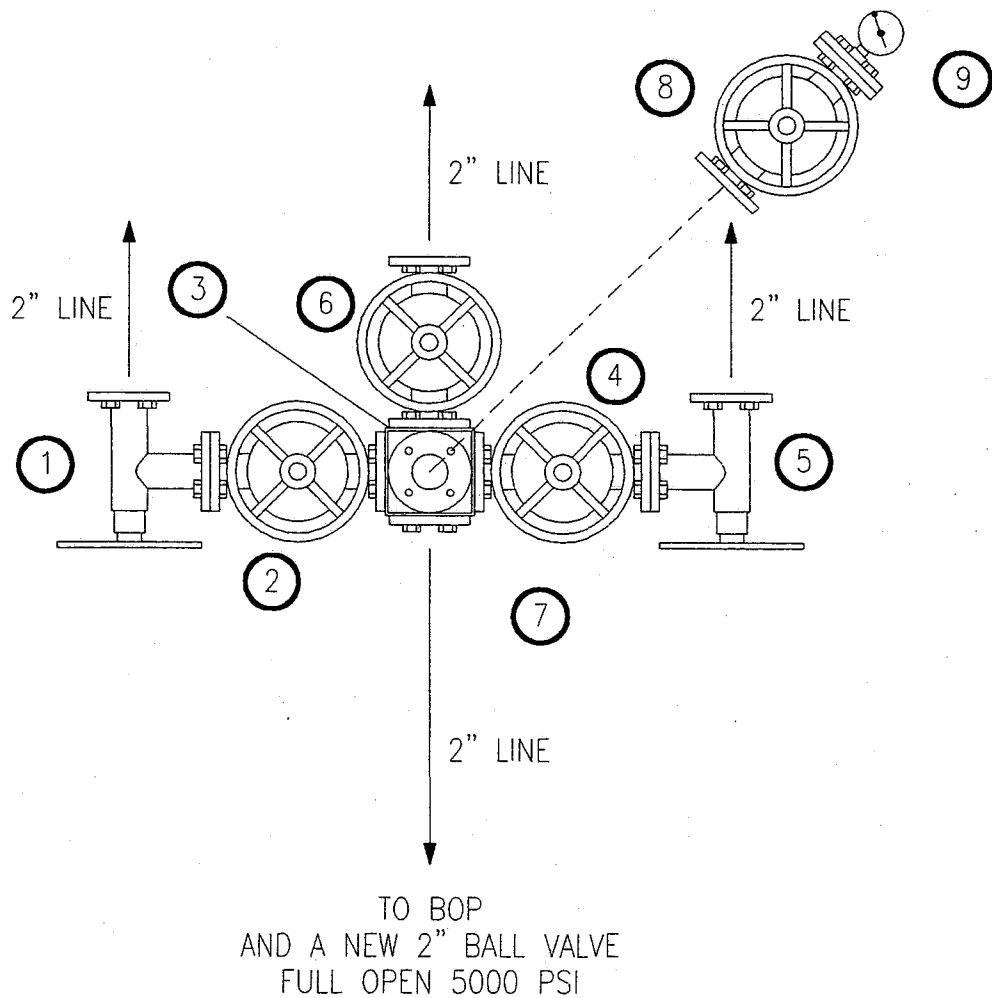


EXHIBIT G

- (1) 2" 5M FLANGED CHOKE
- (2) 2" 5M GATE VALVE (FLANGED)
- (3) 2" 5M STUDDED CROSS
- (4) 2" 5M GATE VALVE (FLANGED)
- (5) 2" 5M FLANGED CHOKE
- (6) 2" 5M GATE VALVE (FLANGED)
- (7) 2" LINE
- (8) 2" 5M GATE VALVE (FLANGED)
- (9) 3000# GAUGE

NOTE:

NUMBER 8 GATE VALVE SITS ON TOP OF MANIFOLD BETWEEN STUDDED CROSS AND 3000# GAUGE.



MANIFOLD

EXHIBIT H

004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/04/2003

API NO. ASSIGNED: 43-015-30594

WELL NAME: UTAH 28-588

OPERATOR: CONOCOPHILLIPS COMPANY (N2335)

CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SENE 28 160S 080E

SURFACE: 2344 FNL 1191 FEL

BOTTOM: 2344 FNL 1911 FEL

EMERY

DRUNKARDS WASH (48)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-48389

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	8/3/03
Geology		
Surface		

LATITUDE: 39.40363

LONGITUDE: 111.02455

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[3] Fee[]
 (No. 6196922 81406024) 5952189
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
 (No. MUNICIPAL)
☒ RDCC Review (Y/N)
 (Date: _____)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3.
 Unit DRUNKARDS WASH
 R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells
 R649-3-3. Exception
☒ Drilling Unit
 Board Cause No: 243-8
 Eff Date: 4-30-02
 Siting: 460' fr unit 2 boundary & uncomm. tract
 R649-3-11. Directional Drill

COMMENTS:

Need Presite (Recd 1/30/03)

STIPULATIONS:

① STATEMENT OF BASIS

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 28-588
API NUMBER: 43-015-30594
LOCATION: 1/4, 1/4 SENE Sec: 28 TWP: 16S RNG: 8E 2344 FNL 1191 FEL

Geology/Ground Water:

This location is situated on a soil developed on the upper portion of the Blue Gate Member of the Mancos Shale. It is on the northwest-facing flank of the Huntington Anticline. Local outcrops dip under the Wasatch Plateau at about 6° to the northwest. Although it is unlikely that there is any significant high quality ground water resource to be found in the strata below the location, sandier units of the Emery Sandstone Member of the Mancos Shale are below the location and should be protected by extending the surface casing as needed to put these behind casing. The nearest surface waters are at an unnamed spring about 3/4 of a mile up Chris Otteson Canyon or in Cedar Creek, which is ~2 1/2 miles to the east. The proposed cementing and casing program should be adequate to protect any potential groundwater resource if it is extended to incorporate any sandy units of the Emery Sandstone. Three surface stockwatering water rights has been filed within a mile of the location.

Reviewer: Christopher J. Kierst **Date:** 2/25/03

Surface:

Proposed location is ~17.65 miles Southwest of Price, Utah and ~6.23 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains towards the Southeast into Huntington Creek. Proposed site lies at the mouth of Chris Otteson Canyon along the Berma Road in Emery County. The soil is a rocky sandy clay loam and easily erodes upon disturbance. Proposed access will be along the Berma Road. No new access will be built. The location layout in respect to the Berma Road was discussed during the on-site evaluation as well as drainage diversion of Chris Otteson Canyon, Wildlife issues, and the two springs and stock watering troughs located at and near the proposed well-site. SITLA and DWR were represented at the on-site evaluation. DWR requested that wildlife related drilling window be observed. Emery County was invited but chose not to attend the evaluation meeting.

Reviewer: Mark L. Jones **Date:** January 30, 2003

Conditions of Approval/Application for Permit to Drill:

1. Culverts sufficient to handle run-off as needed where crossing drainages.
2. Berm the location and pit.
3. Divert all existing drainages around the location and obtain proper permit through Division of Water Rights for the planned stream alteration. Also, obtain Change Application through Division of Water Rights to change the place of use prior to moving stock troughs or upgrading piping system, if deemed necessary by State Engineer.
4. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 28-588
API NUMBER: 43-015-30594
LEASE: State FIELD/UNIT: _____
LOCATION: 1/4, 1/4 SENE Sec: 28 TWP: 16S RNG: 8E 2344 FNL 1191 FEL
LEGAL WELL SITING: 460' from unit boundary and uncommitted tracts.
GPS COORD (UTM): X = 497900 E; Y = 4361363 N SURFACE OWNER: SITLA

PARTICIPANTS

M. Jones (DOGM), J. Semborski, Kevin Snow, Jan Evans (Phillips), Ed Bonner (SITLA), Larry Jensen (NELCO), and Chris Colt (DWR). Emery County was invited to the on-site meeting however chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~17.65 miles Southwest of Price, Utah and ~6.23 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the Southeast into Huntington Creek. Proposed site lies at the mouth of Chris Otteson Canyon along the Berma Road in Emery County. The soil is a rocky sandy clay loam and easily erodes upon disturbance. Proposed access will be along the Berma Road. No new access will be built.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 235' x 175' and a 50'x50'x 10' pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 5 proposed gas wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadside.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.

ANCILLARY FACILITIES: None anticipated.

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the Navajo Sandstone via a salt-water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Two fresh water springs are

located up-canyon, west, of the proposed location. From proposed location springs are west ~2300' and ~3700'. These springs flow to the east and are currently piped into two sets of troughs; one being located 2300' from the proposed well-site, the other being located at the proposed well-site. Chris Otteson Canyon is typically dry but has the potential to handle large amounts of run-off in large thunderstorm occurrences.

FLORA/FAUNA: Pinion Juniper, Mountain Mahogany, deer, elk, small-game, fowl, rodents.

SOIL TYPE AND CHARACTERISTICS: Rocky sandy clay loam.

EROSION/SEDIMENTATION/STABILITY: erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: As per SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed, on-file, and is clear.

OTHER OBSERVATIONS/COMMENTS

Discussion was made during the on-site regarding the following concerns:

- Location layout in respect to the Berma Road, road will travel across the locations east side upon completion of dirt work.
- Drainage control out of Chris Otteson Canyon. Upon review of Mark Page, State Engineer Division of Water Rights, a stream alteration permit will be issued to divert the canyon drainage under the South side of the location through properly engineered culvert system.
- Location of springs and stock watering troughs. PPCo has offered to upgrade the pipe from the springs to the troughs and relocate the trough currently located at the proposed well-site to a suitable location.
- Chris Colt (DWR) requested that the Big Game Winter Closure from December 1st through April 15th. be observed. Also noted that raptor nest #121 is within the ½ mile buffer, therefore it was also requested that the raptor nesting season be protected by postponing drilling and construction activities until after August 30th. Nest

#120 also showed up on the DWR raptor database, however C. Colt has reviewed this data and has determined that it has some data errors and has likely been plotted incorrectly. Therefore nest #120 will not be an issue for the activities of this well.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

December 11, 2002 / 10:00 am
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>20</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 45 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED TUE, FEB 25, 2003, 1:12 PM
PLOT SHOWS LOCATION OF 3 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
S 2344 FEET, W 1191 FEET OF THE NE CORNER,
SECTION 28 TOWNSHIP 16S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET

N O R T H

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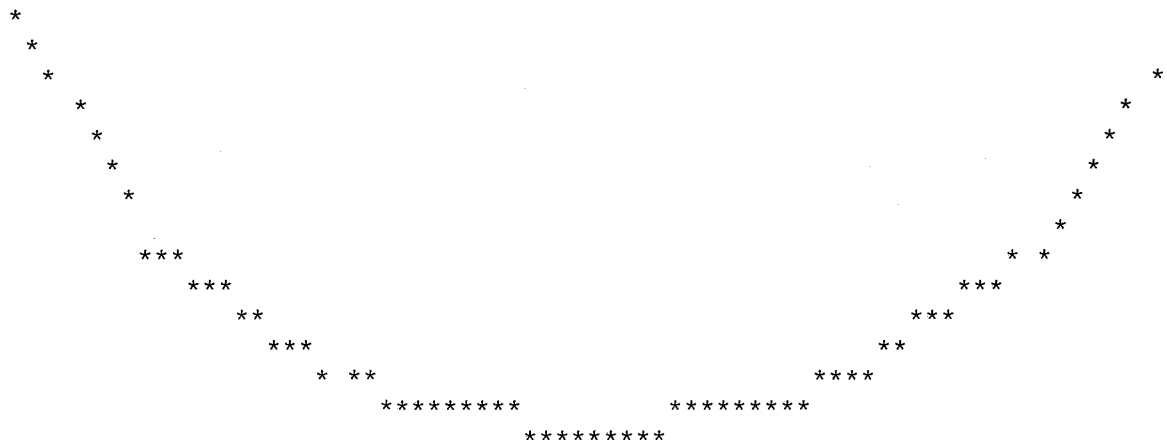
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UTAH DIVISION OF WATER RIGHTS

MAP CHAR	WATER RIGHT	CFS	QUANTITY AND/OR	AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER DEPTH YEAR LOG NORTH	POINT OF DIVERSION DESCRIPTION EAST CNR SEC TWN RNG B&M	U A N P N P
0	93 1425	.0110		.00	Ottsen Hollow Spring		
			WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/1875	
			USA Forest Service			Ogden	UT 8
1	93 565	.0000		.00	Chris Otteson Wash		
			WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/1902	
			State of Utah School & Institutional Tru 675 East 500 South, Suite 500			Salt Lake City	UT 8
2	93 3047	.0011		.00	Otteson Hollow Spring		
			WATER USE(S): STOCKWATERING			PRIORITY DATE: 00/00/1860	
			State of Utah School & Institutional Tru 675 East 500 South, Suite 500			Salt Lake City	UT 8

03-03 ConocoPhillips Utah 3-588
Casing Schematic

Surface

Mancos

8-5/8"
MW 8.4
Frac 19.

TOC @
4.

Surface
452. MD

w/18% washout

BOP

$$(0.002)(9)(4520) = 2115 \text{ psi}$$

$$\text{Anticipated} = 1957 \text{ psi}$$

Gas

$$(0.12)(4520) = 542 \text{ psi}$$

$$\text{MASP} = 1573 \text{ psi}$$

3m BOP proposed

Adequate DKO 3/3/03

TOC @
2307.

w/15% washout

4040'
Ferra

5-1/2"
MW 8.4

4007'
TOC tail

4070' - coals & ss

4220'

Production
4520. MD

Well name:

03-03 ConocoPhillips Utah 28-588

Operator:

ConocoPhillips Company

String type:

Surface

Project ID:

43-015-30594

Location:

Emery County

Design parameters:**Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 71 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 3 ft

Cement top:

4 ft

Burst

Max anticipated surface pressure:

0 psi

Internal gradient: 0.436 psi/ft

Calculated BHP 197 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 395 ft

Re subsequent strings:

Next setting depth: 4,510 ft

Next mud weight: 8.400 ppg

Next setting BHP: 1,968 psi

Fracture mud wt: 19.000 ppg

Fracture depth: 452 ft

Injection pressure 446 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	452	8.625	24.00	J-55	ST&C	452	452	7.972	2962

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	197	1370	6.95	197	2950	14.96	11	244	22.49 J

Prepared Dustin Doucet
by: Utah Dept. of Natural ResourcesPhone: 801-538-5281
FAX: 801-359-3940Date: March 3, 2003
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 452 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

03-03 ConocoPhillips Utah 28-588

Operator:

ConocoPhillips Company

String type:

Production

Project ID:

43-015-30594

Location:

Emery County

Design parameters:**Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 128 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 250 ft

Cement top: 2,307 ft

Burst

Max anticipated surface pressure:

0 psi

Internal gradient:

0.436 psi/ft

Calculated BHP

1,972 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 3,944 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	4520	5.5	17.00	N-80	LT&C	4520	4520	4.767	32425
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1972	6290	3.19	1972	7740	3.92	77	348	4.53 J

Prepared by: Dustin Doucet
Utah Dept. of Natural ResourcesPhone: 801-538-5281
FAX: 801-359-3940Date: March 3, 2003
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kernler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4520 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

February 10, 2003

Memorandum

To: Assistant District Manager Minerals, Moab District

From: Michael Coulthard, Petroleum Engineer

Subject: 2003 Plan of Development Drunkards Wash Unit,
Carbon County, Utah.

Pursuant to email between Diana Mason, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following wells are planned for calendar year 2003 within the Drunkards Wash, Carbon County, Utah.

Api Number	Well	Location
(Proposed PZ Ferron)		
43-007-30894	Utah 19-532 Sec. 19	T14S R10E 2556 FNL 2488 FEL
43-007-30897	USA 03-544 Sec. 3	T15S R08E 0315 FSL 1638 FWL
	BHL 1300 FSL 2400 FWL	
43-007-30898	USA 04-658D Sec. 3	T15S R08E 0315 FSL 1598 FWL
	BHL Sec. 4 0800 FSL 1300 FEL	
43-007-30899	USA 03-543 Sec. 3	T15S R08E 1335 FNL 0462 FEL
	BHL 1300 FNL 1700 FWL	
43-007-30900	USA 09-452 Sec. 10	T15S R08E 1006 FNL 2139 FWL
	BHL Sec. 9 1100 FNL 1200 FEL	
43-007-30901	USA 15-528D Sec. 15	T15S R08E 0315 FSL 0513 FEL
	BHL 1350 FSL 2020 FWL	
43-015-30597	Utah 33-601 Sec. 33	T16S R08E 1127 FNL 0661 FEL
43-015-30598	Utah 35-595 Sec. 35	T16S R08E 1152 FNL 1469 FWL
43-015-30596	Utah 33-604 Sec. 33	T16S R08E 0900 FSL 0577 FWL
43-015-30594	Utah 28-588 Sec. 28	T16S R08E 2344 FNL 1191 FEL
43-007-30895	Utah 32-617D Sec. 29	T15S R09E 1214 FSL 1900 FWL
	BHL Sec. 32 1400 FNL 1500 FWL (surface location outside of unit area)	

We have no objections to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Drunkards Wash Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:2-10-3



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

March 3, 2003

ConocoPhillips Company
PO Box 851
Price, UT 84501

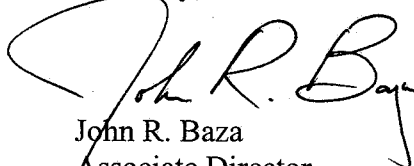
Re: Utah 28-588 Well, 2344' FNL, 1191' FEL, SE NE, Sec. 28, T. 16 South, R. 8 East,
Emery County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30594.

Sincerely,



John R. Baza
Associate Director

er

Enclosures

cc: Emery County Assessor
SITLA
Bureau of Land Management, Moab Field Office

Operator: ConocoPhillips Company
Well Name & Number Utah 28-588
API Number: 43-015-30594
Lease: ML 48389

Location: SE NE Sec. 28 T. 16 South R. 8 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

March 11, 2004

Jean Semborski
ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: APD Rescinded – Utah 28-588 Sec. 28, T. 16S, R. 8E
Emery County, Utah API No. 43-015-30594


Dear Ms. Semborski:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 3, 2003. On March 9, 2004, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 9, 2004.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
SITLA, Ed Bonner